



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

**FOR IMMEDIATE RELEASE**  
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## **TREASURER ANGELIDES WINS CALPERS APPROVAL OF KEY SHAREHOLDER PROTECTION INITIATIVE**

*Angelides Says Investment Bank Reforms Will Help Restore Integrity  
to Financial Markets, Boost Investor Confidence*

SACRAMENTO, CA – The California Public Employees' Retirement System (CalPERS) today approved one of Treasurer Phil Angelides' key corporate reform initiatives aimed at protecting pensioners and investors.

The CalPERS Investment Committee voted to impose the Treasurer's tough new requirements, called Investment Protection Standards, on all investment banks and broker-dealers that want to do business with the pension fund. The Treasurer's Investment Protection Standards will protect investors, taxpayers and pensioners by setting new minimum standards for conduct by such banks and broker-dealers. These standards are based on the reforms contained in the settlement reached by New York State Attorney General Eliot Spitzer, the SEC, and 10 major investment banks. Currently, about 90 investment banks and broker-dealers do business with CalPERS.

"Today's action advances our efforts to bring about needed corporate reform," Angelides said. "As we develop and institute new, bold standards on key issues such as codes of financial conduct, we are raising the bar nationwide to restore integrity to our financial markets, protect investors and boost the investor confidence needed for economic recovery."

The Treasurer's Investment Protection Standards will require, among other things, that investment banking firms separate entirely their research and investment banking practices, including physical separation and completely separate lines of command, legal and compliance staffs and budgeting. Firms also will be required to create "firewalls" between research and investment banking reasonably designed to prohibit improper communications between the two. CalPERS expects all investment banks that want to do business with the pension fund to submit compliance plans by the end of the year.

"These new Investment Protection Standards will serve not merely as guidelines but as new threshold requirements for investment bankers that want CalPERS' business," Angelides said. "These standards will help put an end to the destructive marketplace abuses that have rocked our nation's financial markets and left taxpayers and investors to pick up the pieces."

The CalPERS Investment Committee's adoption today of the Investment Protection Standards constitutes formal CalPERS approval of the policy. The pension fund's action today on the Investment Protection Standards follows the Treasurer's announcement in May that he was applying and expanding the tough new reforms of the well publicized Wall Street settlement to each investment bank and broker-dealer that wants to do business with the State of California. The California State Teachers' Retirement System (CalSTRS) adopted these standards on July 9<sup>th</sup>. The Treasurer sits on the boards of CalPERS and CalSTRS, the nation's largest and third-largest public pension funds.

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